Ministry of Advanced Education
Training Completions Fund

Financial Statements for 2015-16

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Government of Saskatchewan

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Training Completions Fund, which comprise the statement of financial position as at March 31, 2016, and the statement of operations and changes in net financial assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Training Completions Fund as at March 31, 2016, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 27, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Financial Statements

Statement 1

Training Completions Fund
Statement of Financial Position

As at March 31	2016	2015
		(Restated - Note 8)
Financial Assets		
Due from General Revenue Fund (Note 5)	$568,912	$524,667
Interest Receivable from General Revenue Fund	810	1,011
Total Financial Assets	$569,722	$525,678
Liabilities and Net Financial Assets		
Liabilities		
Unearned Revenue	$35,399	$23,342
Performance Bonds (Note 6)	-	-
Total Liabilities	$35,399	$23,342
Net Financial Assets (Statement 2)	$534,323	$502,336

See accompanying notes to financial statements

Training Completions Fund
Statement of Operations and Changes in Net Financial Assets

For the Year Ended March 31	2016	2015
		(Restated - Note 8)
Revenue		
Assessment Fees	$28,800	$20,226
Interest Income	3,187	4,662
Other (Note 7)	-	2,375
	$31,987	$27,263
Increase in Net Financial Assets for the year	$31,987	$27,263
Net Financial Assets, beginning of year	502,336	475,073
Net Financial Assets, end of year - to Statement 1	**$534,323**	**$502,336**

See accompanying notes to financial statements

Training Completions Fund
Statement of Cash Flows

For the Year Ended March 31	2016	2015
Cash Receipts provided by (used in) Operating Activities		
Receipts of Assessment Fees	$40,857	$25,400
Receipts of Bank Interest	3,388	4,852
Refund of Performance Bonds (Note 6)	-	(15,813)
Total Operating	$44,245	$14,439
Net Increase in Due from General Revenue Fund	$44,245	$14,439
Due from General Revenue Fund, beginning of year	524,667	510,228
Due from General Revenue Fund, end of year	$568,912	$524,667

See accompanying notes to financial statements

Training Completions Fund

Notes to the Financial Statements

March 31, 2016

1. Overview of the Fund

The Training Completions Fund (Fund) was created under *The Private Vocational Schools Regulation Act, 1995*. The act was proclaimed on December 15, 1995.

The Fund is administered by the Ministry of Advanced Education. The revenue of the Fund consists of monies that operators are directed by regulations to provide, donations to the Fund and earnings from the investments of the Fund. The Fund is used to provide the financial resources necessary to complete the training or provide refunds to students affected by the closure of a private vocational school.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant:

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Revenues

Assessment Fees are reported as revenue in the year in which the related certificate of registration is issued. Assessment Fees received in one fiscal period for certificates of registration issued in the following fiscal period are reported as unearned revenue.

Interest Income is recorded in the period in which the transactions or events occurred that gave rise to the revenue.

c) Expenses

Student Compensation is recorded in the period that the expense occurred.

d) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results may differ from those estimates.

e) Financial Instruments

The Fund's financial instruments consist of Due from General Revenue Fund, Interest Receivable from General Revenue Fund, Unearned Revenue and Performance Bonds. Due to the immediate or short-term nature, the carrying value of these financial instruments approximates their fair value.

3. Financial Instruments and Risk Management

Through its financial assets and liabilities, the Fund is exposed to various risks.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest Receivable from General Revenue Fund is subject to interest rate risk.

Interest Income is a small portion of the Fund's total revenue and increases or decreases in interest rates would not be expected to impact the Fund's operations.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations as they fall due. Regulatory amendments to mitigate the risk including increases to required operator contributions and increased financial security requirements were enacted in November, 2014.

4. Related Party Transactions

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Ministry of Advanced Education. Other related party transactions are disclosed separately in these financial statements.

5. Due from the General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. The Fund's interest is calculated and paid from the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for the year ended March 31, 2016 is 0.60% (2015 – 0.92%).

6. Performance Bonds Liability

The Fund administers performance bonds and other amounts provided by private vocational school operators. The performance bonds are required under *The Private Vocational Schools Regulation Act, 1995*, to guarantee obligations under student contracts, the Act and regulations.

Performance Bonds liability represents the proceeds from performance bonds and refunds due to students provided by school operators that have not been paid out to satisfy student claims at year end. After all amounts have been paid out to satisfy student claims, the net balance of the proceeds, if any, will be repaid to the issuer.

During the year the Fund refunded $0 (2015 - $15,813) of unused performance bonds to the issuer.

7. Other Revenue

In the prior fiscal year, the Fund returned to a bond issuer $2,375 in unused performance bonds. The issuer refused receipt of the funds, and the returned money was retained in the Fund.

8. Accounting Change – Correction of Error in Prior Periods

Subsequent to the year ended March 31, 2015, an error was identified in the timing of recognition of assessment fees revenue.

Due to this error, the Fund's 2015 opening Net Financial Assets, Accounts Receivable, and Assessment Fees were overstated and Unearned Revenue was understated. To correct this error, the Net Financial Assets balance at March 31, 2014 and the 2015 comparative amounts have been restated from those previously reported.

The correction of this error has impacted the Fund's financial statements as follows:

	March 31, 2015 Previously Reported $	Correction $	March 31, 2015 As Restated $
Assessment Fees	26,800	(6,574)	20,226
Increase in Net Financial Assets for the year	33,837	(6,574)	27,263
Accounts Receivable	3,458	(3,458)	-
Unearned Revenue	-	23,342	23,342
Net Financial Assets, March 31, 2014	495,299	(20,226)	475,073
Net Financial Assets, March 31, 2015	529,136	(26,800)	502,336